



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF MENTAL RETARDATION SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243

TITLE: Personal Funds Management Policy

POLICY #: P - 008-A

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- A. **PURPOSE:** This policy provides clarification of the Personal Funds Management Policy for service recipients enrolled in the Home and Community Based Services (HCBS) waivers for the mentally retarded that are administered by the Division of Mental Retardation Services (DMRS).
- B. **APPLICABILITY:** This policy provides clarification to DMRS Central and Regional Office staff in the interpretation of the Personal Funds Management Policy for service recipients enrolled in the Home and Community Based Services (HCBS) waivers for the mentally retarded.
- C. **DEFINITIONS**
1. **"Earned income"** means income derived from active participation in a trade or business, including wages, salary, tips, commissions and bonuses.
 2. **"HCBS waiver" or "waiver"** means a Home and Community Based Services waiver for persons with mental retardation that includes the following:
 - a. Home and Community Based Services Waiver for the Mentally Retarded and Developmentally Disabled (#0128.90.R2A.01) and any amendments thereto;
 - b. Home and Community Based Services Waiver for Persons with Mental Retardation (#0357.90.01) and any amendments thereto; and
 - c. Self-Determination Waiver Program (#0427.01) and any amendments thereto.
 3. **"Office space"** means a room or significant portion of a room in the service recipient's residence which has been designated for staff use and is not consistently accessible to the service recipient. The presence of a computer, telephone, fax, or other home office equipment in the residence shall not constitute an office if the service recipient is allowed unrestricted access to the area of the home where such is located and has use of the area and the equipment.
 4. **"Personal allowance"** means cash or the equivalent which belongs to the service recipient, is kept in the service recipient's residence, and is intended for the service recipient's purchase of personal items such as clothing, grooming supplies, entertainment equipment, leisure activities, and refreshments during community activities.
 5. **"Personal funds"** means financial resources, including earned and unearned income, that are used to pay for a service recipient's personal expenses.

6. **"Representative Payee"** means an individual or organization that receives Social Security and/or Supplemental Security Income payments for a person who requires assistance to manage personal funds.
7. **"Unearned income"** means all income that is not earned through employment (e.g., interest from savings accounts or bonds; dividends; gifts and inheritances, rents, Social Security benefits, Railroad Retirement benefits, workers' compensation, unemployment compensation).

D. DESCRIPTION OF POLICY: This policy is intended to ensure that personal funds are appropriately managed in the best interest of waiver service recipients and that providers are held accountable for such management.

1. Support Plan

a. The Individual Support Plan shall address the following:

- (1) The service recipient's capabilities and desires regarding personal funds management;
- (2) The extent to which personal funds will be managed by the provider agency or the conservator;
- (3) The service recipient's desire, if applicable, to have a separate bank account rather than an agency-controlled account for personal funds;
- (4) The service recipient's desire, if applicable, to have a joint bank account and share expenses with another service recipient who is the service recipient's spouse;
- (5) Any training or assistance needed to support the service recipient in managing personal funds or to develop skills needed to increase independence with managing personal funds;
- (6) Goals and objectives involving use of the service recipient's personal funds; and
- (7) Any health, safety or exploitation issues that require limitations on the service recipient's access to personal funds and strategies to remove limitations at the earliest possible time.

b. The Support Coordinator or Case Manager shall provide assistance with identifying and accessing providers of services specified in the Individual Support Plan and arranging those services to ensure that the service recipient's funds will not be spent when there is another payor source (e.g., private insurance, Medicare) that should be responsible.

c. Providers shall notify the Support Coordinator or Case Manager of changes in the service recipient's personal funds that would require a revision of the Individual Support Plan or that would affect implementation of actions required to meet the goals and objectives specified in the Individual Support Plan.

2. Parties Responsible for Personal Funds Management

- a. Service recipients who are capable of managing their own personal funds shall be supported to the extent needed to do so.
- b. Service recipients who desire greater involvement in management of personal funds but have skills deficits shall be provided appropriate personal funds management training in accordance with the Individual Support Plan.

- c. Service recipients who are unable to manage their personal funds may choose another person to act on their behalf (e.g., service recipients receiving Social Security may complete forms to designate a "Representative Payee").
- d. For a service recipient who has been declared incompetent for purposes of money management, the legal guardian or conservator shall be given the choice to manage the service recipient's personal funds or to choose a person or entity to act on the service recipient's behalf in managing such.
- e. Providers shall not require a service recipient to designate the provider agency as "Representative Payee" for any reason, including requiring such designation as a condition of providing services.
- f. Providers selected as "Representative Payees" shall not charge the service recipient a funds management fee.
- g. When a provider is chosen to act as "Representative Payee", the name of the legal guardian or conservator and the circumstances of the appointment shall be noted on the Social Security Administration application form (Form SSA-11, page 1, item 5) so that the guardian or conservator may be contacted if necessary.
- h. The provider "Representative Payee" shall ensure that the service recipient's money is used first to meet the service recipient's current needs for food, shelter, medical care not covered by TennCare/Medicaid, Medicare, or private insurance and other items for the service recipient's personal comfort and then if there is money left over after providing for these basic needs, the money may be spent on things that improve the service recipient's daily living conditions.
- i. The provider "Representative Payee" shall keep up with the service recipient's income, expenses, and resources; shall maintain receipts except as indicated herein, and shall, if the service recipient is likely to go over the \$2000 resource limit, begin making plans to spend the extra on allowable expenses for the service recipient. When the service recipient is given money to be used for personal spending for routine recreational activities (e.g., movie ticket and refreshments), neither the service recipient nor the provider agency will be required to obtain receipts for individual items purchased if the provider documents the amount of money given to the service recipient.

3. General Requirements for Personal Funds Management

- a. Providers and paid conservators who assist in management of personal funds or manage personal funds on behalf of any waiver service recipient shall develop and implement written policies and procedures to protect personal funds in accordance with TennCare and DMRS policies.
- b. Providers and their employees, representatives, and subcontractors and paid conservators shall not illegally obtain or otherwise misuse personal funds. Prohibited practices include but are not limited to the following:
 - (1) Borrowing personal funds from the service recipient;
 - (2) Using a service recipient's personal funds for staff benefit (e.g., purchasing premium cable channels for staff entertainment or purchasing tickets for staff attendance to activities or events selected based on staff preference rather than service recipient preference);
 - (3) Using a service recipient's personal funds for agency benefit such as using service recipient funds to pay for maintenance or repair of property such as buildings, building grounds, equipment, or appliances owned by the provider, for telephone charges other than those attributed to the

service recipient's prorated share of basic phone service and the service recipient's personal phone use, or for office space intended for provider use.

- (4) Using one service recipient's funds for the benefit of another person, except:
 - (a) In the case of two service recipients who are married and who have chosen to share expenses as specified in their Individual Support Plans; or
 - (b) When the service recipient desires to purchase a gift for a relative or friend for a special occasion (e.g., Christmas, Mother's Day, a birthday);
 - (5) Using personal funds for any medical supplies, services or equipment covered by TennCare/ Medicaid, Medicare or other health insurance;
 - (6) Giving or withholding a service recipient's personal funds for the purpose of rewarding or punishing the service recipient unless specifically recommended by a human rights committee and specified in the Individual Support Plan;
 - (7) Requiring a service recipient to purchase home liability insurance as a condition of receiving services; and
 - (8) Otherwise using a service recipient's personal funds for purposes that do not benefit the service recipient, except as specified above.
- c. A provider who manages personal funds shall:
- (1) Have written policies on how personal funds will be maintained securely and safeguarded including limitations on staff access to personal funds;
 - (2) Manage personal funds in accordance with accepted accounting practices;
 - (3) Ensure that individual personal allowances kept in the home are maintained separately and are not treated as household petty cash (If a single locked box is used, the personal allowances must be kept in separate labeled envelopes within the box.);
 - (4) Ensure that records are kept for each service recipient, including beginning and ending balances for each month and a description of any expenditures (with supporting receipts for expenditures of \$5.00 or more);
 - (5) Maintain the service recipient's bank account; document monthly reconciliation of bank statements, checks, and deposits; and prevent negative bank balances;
 - (6) Maintain a separate bank account for all income for a service recipient, if so specified in the Individual Support Plan;
 - (7) Maintain a separate joint bank account for all income for two service recipients who are legally married, if so specified in their Individual Support Plans; and
 - (8) Shall document that insurance policies purchased with the service's personal funds are for the sole benefit of the service recipient and, if married, the service recipient's spouse;

- d. The provider shall reimburse the service recipient in a timely manner (not to exceed 30 days) following the identification of a financial loss to the service recipient caused by the action or inaction of the provider or the provider's employee, representative or subcontractor, including but not limited to:
- (1) Loss of Social Security funds due to the provider's negligence in allowing countable assets to exceed the countable asset limit;
 - (2) Payment of bank fees for insufficient funds that result from provider negligence;
 - (3) Late payment penalties to utility companies;
 - (4) Loss of funds due to theft or misappropriation by the provider or its employees, representatives, or subcontractors; and
 - (5) Payment of expenses that do not directly benefit the service recipient.
- e. The provider shall develop and implement adequate accounting procedures for management of a service recipient's personal funds to assure consistent availability of current information involving:
- (1) The amount of financial resources available to each service recipient for basic living expenses and for personal spending;
 - (2) The amount of total countable assets (For Medicaid funded service recipients, personal assets exceeding maximum resource limits must be reported to the Department of Human Services.); and
 - (3) Documentation (e.g., receipts, monthly billings, checkbook ledgers) of expenditures made on behalf of the service recipient, including justification that the purchase was appropriate and in accordance with the service recipient's needs.
- f. Providers licensed by the Department of Mental Health and Developmental Disabilities as a Mental Retardation Residential Habilitation Facility or as a Mental Retardation Placement Service provider are responsible for the cost of the service recipient's meals (as well as lodging) within the room and board payment. Thus, they are permitted to apply the amount of the service recipient's food stamps to the total amount spent for food. The provider must maintain receipts to document that the service recipient's food stamps were used to purchase food for the service recipients.
- Other providers must maintain individual receipts to document that the service recipient's food stamps were used for the benefit of the service recipient.
- g. A provider shall inventory and appropriately account for all personal funds and personal property in accordance with the following:
- (1) Initial inventories of personal property shall be compiled as of the date the provider began providing services;
 - (2) Consumables (e.g., toothpaste, shampoo) do not have to be added to the personal property inventory;
 - (3) A non-consumable item valued at \$50.00 or more must be added to the personal property inventory;

- (4) A non-consumable item valued at less than \$50.00 must be added to the personal property inventory if requested by the service recipient or the conservator;
 - (5) Inventories of personal property shall be updated in a timely manner (i.e., on the day of the occurrence or the following morning) to indicate personal property removed from or brought into the home, as described above, and must include dated signatures of the individuals who supplied or disposed of the personal property; and
 - (6) Personal fund and personal allowance ledgers shall be updated in a timely manner (i.e., on the day of the occurrence or the following morning) to indicate funds provided to the service recipient by others, including dated signatures of the individuals who supplied the funds.
- h. When a change of providers occurs (e.g., due to provider agency closure), the transferring provider shall transfer the personal property and personal funds of the service recipient in an efficient and timely manner to the receiving provider in accordance with the following:
- (1) The transferring provider shall reconcile records pertaining to personal funds management (e.g., personal allowance ledgers for petty cash, checkbooks, etc.).
 - (2) Except as otherwise required by social security requirements, the transferring provider shall forward any personal allowance cash balances to the receiving provider within 5 working days. If the 5th working day falls on a state or federal holiday, transfers shall be completed on the next business day.
 - (3) The transferring provider shall provide the receiving provider with an inventory of the service recipient's personal property, as well as the actual personal property if a change in location is necessary.
 - (4) The receiving provider shall conduct an initial inventory of all personal property received and shall immediately notify the transferring provider and the Independent Support Coordinator if there are any discrepancies between personal property received and personal property noted on the transferring provider's inventory.
 - (5) Except as otherwise required by social security requirements, the receiving provider shall complete arrangements to transfer benefit payments (e.g., food stamp payments) within 5 working days (if the 5th working day falls on a state or federal holiday, transfers must be completed on the next business day.).
 - (6) If applicable, the receiving provider must complete and submit documents necessary to establish the receiving provider as the "Representative Payee" within 30 calendar days. If the 30th day falls on a federal holiday, submission may occur on the next business day.

4. Management of Funds for Service Recipients Receiving Residential Services

- a. Residential Habilitation; Family Model Residential Services; and Medical Residential Services when the provider is licensed as a Residential Habilitation facility
 - (1) For a service recipient receiving Residential Habilitation services or Medical Residential Services (when the provider is licensed as a Residential Habilitation facility):

- (a) If the service recipient's total income (e.g., Supplemental Security Income benefits plus earned income plus railroad retirement benefits, but excluding food stamps) is equal to or more than the maximum Supplemental Security Income benefit for the applicable year, the service recipient shall not be charged for room and board more than 80% of the maximum Supplemental Security Income benefit. This is applicable even when the service recipient resides in a HUD home.
 - (b) If the service recipient's total income (e.g., Supplemental Security Income benefits plus earned income plus railroad retirement benefits, but excluding food stamps) is less than the maximum Supplemental Security Income benefit for the applicable year, the service recipient shall not be charged for room and board payment more than 80% of total income. This is applicable even when the service recipient resides in a HUD home.
- (2) For a service recipient receiving Family Model Residential Services:
 - (a) If the service recipient's total income (e.g., Supplemental Security Income benefits plus earned income plus railroad retirement benefits, but excluding food stamps) is equal to or more than the maximum Supplemental Security Income benefit for the applicable year, the service recipient shall not be charged for room and board more than 70% of the maximum Supplemental Security Income benefit.
 - (b) If the service recipient's total income (e.g., Supplemental Security Income benefits plus earned income plus railroad retirement benefits, but excluding food stamps) is less than the maximum Supplemental Security Income benefit for the applicable year, the service recipient shall not be charged for room and board payment more than 70% of total income.
- (3) As part of room and board, the provider is responsible for furnishing toilet paper and paper towels.
- b. For a service recipient receiving Residential Habilitation or Medical Residential Services (when the provider is licensed as a Residential Habilitation facility), personal funds shall not be used for restitution purposes when damages are caused by the service recipient unless recommended by a human rights committee and unless specified in the Individual Support Plan. (The Individual Support Plan must have been amended to include a payment schedule that ensures the service recipient would continue to have a sufficient personal allowance to support therapeutic goals and objectives specified in the Individual Support Plan.)
- c. For persons who receive Supported Living services, rents and leases shall not exceed the fair market value for other similarly situated properties in the same general location.
- d. The term of rental or lease agreements shall not exceed one (1) year unless so specified in the Individual Support Plan and unless written authorization has been obtained from the DMRS Office of Community and Facility Services. Month-to-month rental or lease agreements may be approved for short term transition issues (e.g., prior to moving to another residence); however, month to month leases should not be approved on an ongoing basis.

- e. Earned income and Supplemental Security Income benefits may be deposited into the same bank account for the service recipient.
- f. Providers shall reimburse the service recipient for long distance telephone calls made from the home and for other utility expenses that are attributable to provider agency administrative use.

5. Personal Allowances

- a. DMRS shall furnish providers with guidelines for management of personal allowances.
- b. Providers shall:
 - (1) Provide direct care and other appropriate staff with DMRS guidelines for management of personal allowances;
 - (2) Allow service recipients to manage their personal allowances in accordance with the approved Individual Support Plan;
 - (3) Provide service recipients appropriate training to manage their personal allowances;
 - (4) Ensure that service recipients have access to their personal allowances at all times, unless access limitations have been specified in the Individual Support Plan (The service recipient's checkbook does not have to be maintained in the service recipient's home unless so requested by the service recipient or the legal guardian or conservator. If the checkbook is not maintained in the home, the provider shall ensure that the service recipient can access their funds at all times.)
 - (5) Ensure that personal allowances are used appropriately for purchases that are needed or desired by the service recipient and that they are not allowed to accumulate when there is unmet need;
 - (6) Ensure that personal allowances are not allowed to accumulate in the home in excess of \$100.00 (If the Individual Support Plan specifies that the service recipient desires to save money, the excess shall be deposited in the service recipient's bank account.);
 - (7) Monitor the accumulation of personal funds to prevent the loss of benefits (i.e. Supplemental Security Income, Medicaid eligibility) due to excessive accumulation;
 - (8) Maintain receipts for all expenditures of \$5.00 or more for purchases made by provider staff using the service recipient's personal allowance;
 - (9) Maintain appropriate documentation for all purchases of less than \$5.00 (Receipts shall not be required for expenditures of less than \$5.00 for routine recreational activities such as movie tickets and refreshments or arcade change.);
 - (10) If personal allowances are used for group purchases, charge each service recipient a prorated amount consistent with usage or consumption, provided that if the group purchase is \$15.00 or less (e.g., a pizza shared by 3 people), the provider may divide the total cost equally among the purchasing parties;
 - (11) Maintain a separate record for each service recipient's personal funds;

(12) Post personal allowance transactions to the personal allowance account in a timely manner (i.e., on the day of the occurrence or, for late evening transactions, the following morning); and

(13) Reconcile all personal allowance accounts monthly.

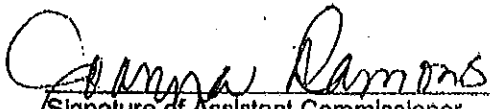
E. **ATTACHMENTS:** None

F. **PREVIOUS POLICY:** TennCare Division of Developmental Disability Services Policy DDDS-05 (Personal Funds Management); DMRS Policy P-008 (October 2006)

G. **DATE APPROVED BY TENNCARE:** October 11, 2006

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H. **POLICY APPROVAL**



Signature of Assistant Commissioner
Office of Policy, Planning, and Consumer Services

11/30/06
Date



Signature of Deputy Commissioner
Division of Mental Retardation Services

11/30/06
Date



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF INTELLECTUAL DISABILITIES SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243

MEMORANDUM

MEMO #0129

DATE: January 11, 2010

TO: C. J. McMorran, West Tennessee Regional Director
John Craven, East Tennessee Regional Director
Kathleen Clinton, Middle Tennessee Regional Director

FROM: Debra Payne, Interim Deputy Commissioner *DP*

SUBJECT: Revised Establishment Funds Policy

Attached is the revised Establishment Funds Policy (policy P-009-D). The most significant revisions of the policy are listed below:

Eligibility for establishment funds has been changed. Hereafter, to be eligible to receive establishment funds, the service recipient:

a. **Must:**

- (1) Be a resident at the Harold Jordan Center;
- (2) Be a resident at a developmental center operated by the Division of Intellectual Disabilities Services;
- (3) Be a Class Member who is a resident of a psychiatric hospital, psychiatric residential treatment facility, private Intermediate Care Facility for the Mentally Retarded, or nursing home and who has resided there for the past 180 days; or
- (4) Be a Class member who is in the custody of the Department of Children's Services; and

b. **Must be transitioning to an HCBS waiver to receive one of the following waiver services:**

- (1) Supported Living; or
- (2) Medical Residential Services, provided that the place of residence is being rented or leased by the service recipient and that the provider is licensed as a Supported Living provider (i.e., an individual receiving Medical Residential Services in a home licensed as a Residential Habilitation facility is not eligible to receive establishment funds); and

Please implement this policy effective January 12, 2010, for any new or pending request for establishment funds and distribute it to your staff and to Independent Support Coordination agencies and other service providers.

Attachment

DP:wlm



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF INTELLECTUAL DISABILITIES SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243**

TITLE: Establishment Funds Policy

POLICY #: P – 009 – D

- A. PURPOSE:** The purpose of this policy is to provide clarification about requests for establishment funds and disposition of items purchased with establishment funds.
- B. APPLICABILITY:** This policy applies to staff of the Division of Intellectual Disabilities Services who are responsible for authorizing establishment funds to establish residential services or for interpreting policy involving establishment funds.

C. DEFINITIONS:

1. **"Class Member"** means an individual meeting the requirements in the definition of the class specified in one of the following:
 - a. *People First of Tennessee, et.al. v. Clover Bottom Developmental Center*; or
 - b. *United States of America v. State of Tennessee, et.al. (Arlington Developmental Center)*.
2. **"Establishment funds"** means state funding provided by the Division of Intellectual Disabilities Services to an individual to purchase basic furniture, appliances, household items, or related services, as specified in Section D.2.b. of this policy, which are needed to initially establish a residence.
3. **"HCBS waiver" or "waiver"** means a Home and Community-Based Services waiver for persons with mental retardation that includes the following:
 - a. Home and Community-Based Services Waiver for the Mentally Retarded and Developmentally Disabled (#0128.90.R2A.02) and any amendments thereto; and
 - b. Home and Community-Based Services Waiver for Persons with Mental Retardation (#0357.90.02) and any amendments thereto.

D. DESCRIPTION OF POLICY

1. **Eligibility:** To be eligible to receive establishment funds, the service recipient must meet the following 3 criteria:
 - a. The service recipient must:
 - (1) Be a resident at the Harold Jordan Center;

- (2) Be a resident at a developmental center operated by the Division of Intellectual Disabilities Services;
 - (3) Be a Class Member who is a resident of a psychiatric hospital, psychiatric residential treatment facility, private Intermediate Care Facility for the Mentally Retarded, or nursing home and who has resided there for the past 180 days; or
 - (4) Be a Class member who is in the custody of the Department of Children's Services; and
- b. Must be transitioning to an HCBS waiver to receive one of the following waiver services:
- (1) Supported Living; or
 - (2) Medical Residential Services, provided that the place of residence is being rented or leased by the service recipient and that the provider is licensed as a Supported Living provider (i.e., an Individual receiving Medical Residential Services in a home licensed as a Residential Habilitation facility is not eligible to receive establishment funds); and
- c. Must lack the resources to purchase the items or services specified in Section D.2.b.

2. Requesting establishment funds to establish a residence

- a. Requests for establishment funds shall:
- (1) Be limited to a one-time grant or award of no more than \$2,500.00;
 - (2) Be submitted in writing to the Regional Director or designee; and
 - (3) Include an Itemized list of the items to be purchased with the establishment funds and the anticipated price of each requested item.
 - (a) The itemized list shall include the anticipated cost for any individual item costing \$50.00 or more.
 - (b) Less expensive items with an individual item cost of less than \$50.00 may be grouped and listed with an aggregate cost for the group, provided that the aggregate cost does not exceed \$100.00 (e.g., 3 pillows with an aggregate cost of \$60.00; 6 bowls with an aggregate cost of \$54.00).
- b. Items which may be purchased with establishment funds include:
- (1) Basic essential furniture (e.g., couch, chair, bed, dresser; chest, table);
 - (2) Basic appliances (e.g., washer, dryer, refrigerator, microwave, toaster);
 - (3) Eating utensils, cookware, and kitchenware for meal preparation;
 - (4) A telephone;
 - (5) A television;
 - (6) A radio;

- (7) Bed, bath, and laundry items (e.g., sheets, pillows, pillow cases, towels, bath cloths, shower curtains, and laundry baskets);
 - (8) The initial stock of food and food products, laundry and cleaning supplies, and bath and personal hygiene products at the time the residence is first established;
 - (9) An initial security deposit or advance payment of rent for the first month when required in order to establish a residence;
 - (10) A utility deposit when required in order to establish a residence;
 - (11) Moving expenses (e.g., truck rental and fuel for moving; labor); and
 - (12) Other miscellaneous non-excluded items, as approved by the Division of Intellectual Disabilities Services, which are reasonably needed to establish an initial residence.
- c. Establishment funds shall not be used or approved to purchase:
- (1) Clothing;
 - (2) Entertainment and educational items (with the exception of a television or radio) such as the following:
 - (a) DVD/VCR players and DVD's/CD's/VCR tapes, and tape recorders;
 - (b) Computers, computer software, printers, and other computer hardware and software;
 - (3) Sports or exercise equipment; or
 - (4) Recreational equipment (e.g., bicycles).
- d. An individual who has previously been approved for establishment funds and who desires to relocate from one Supported Living home or Medical Residential Services home to another Supported Living home or Medical Residential Services home, as defined in Section D.1, shall not be eligible to receive establishment funds again.

3. Approval of establishment funds is considered to be a type of grant or award to a specific individual.

- a. Items purchased with establishment funds shall be the property of the individual for whom they are approved.
- b. If there is a change in the residential service provider or other situations, the individual has the right to retain any items purchased with establishment funds. The transferring provider shall provide a copy of the inventory of the individual's personal property to the new provider and to the service recipient or the service recipient's conservator or legal representative. The transferring provider shall also maintain a copy of the inventory.
- c. Establishment funds are not intended to be used by a service recipient to purchase an item jointly with another service recipient.
- d. If, due to a change in the residential service provider or other situations, the individual no longer has a need for items purchased with establishment funds, the individual may retain or dispose of the items.

- e. Upon the death of the individual, any items purchased with establishment funds will become the property of the individual's legal heirs who may retain or dispose of the items. If there are no legal heirs or if the legal heirs do not want the items, the Division of Intellectual Disabilities Services shall retain the right to dispose of the property.

- 4.. When an individual purchases furniture, appliances, other household items with establishment funds, the provider of residential services shall maintain a written inventory of the items purchased. The service provider shall be responsible for updating the written inventory when an item purchased with establishment funds is destroyed or no longer usable. The written inventory shall be maintained for a minimum of two years or as long as the service provider continues to provide services to the service recipient, whichever is longer. If the service provider discontinues providing services to the service recipient, the service provider shall provide a copy of the written inventory to the service recipient or the service recipient's conservator or legal representative and a copy to the new provider.

E. **ATTACHMENTS:** None

F. **PREVIOUS POLICY:** Replaces the March 30, 2001 Information Bulletin (Number 01-10); DMRS Policy P-009 (February 20, 2007); DMRS Policy P-009-A (September 29, 2008); DMRS Policy P-009-B (April 24, 2009); DIDS Policy P-009-C (November 16, 2009).

G. **DATE APPROVED BY TENNCARE:** Not applicable.

H. **POLICY APPROVAL**

Joanna Damons by Wilmore, M.D.
Signature of Assistant Commissioner
Office of Policy, Planning, and Consumer Services

1/11/2010
Date

Debra K. Payne
Signature of Interim Deputy Commissioner
Division of Intellectual Disabilities Services

1/11/2010
Date



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF MENTAL RETARDATION SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243

TITLE: Housing Costs Subsidy

POLICY #: P - 010 - C

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- A. PURPOSE:** The purpose of this policy is to provide clarification about the eligibility criteria for a Housing Costs Subsidy and the process for requesting and authorizing the subsidy.
- B. APPLICABILITY:** This policy applies to staff of the Division of Mental Retardation Services (DMRS) who are responsible for authorizing requests received by DMRS for a state-funded Housing Costs Subsidy. The policy is applicable to any new request for a Housing Costs Subsidy or to any request to renew or revise an existing Housing Costs Subsidy.
- C. DEFINITIONS:**
1. **"Class Member"** means an individual meeting the requirements in the definition of the class specified in one of the following:
 - a. *People First of Tennessee, et.al. v. Clover Bottom Developmental Center*; or
 - b. *United States of America v. State of Tennessee, et.al. (Arlington Developmental Center)*.
 2. **"Essential Utility Service"** means electric power service, water and sewer service, or natural gas or other fuels for heating (e.g., gas, oil, coal).
 3. **"Housing Subsidy"** means a state-funded subsidy provided by the Division of Mental Retardation Services prior to September 1, 2007, to assist individuals who received Supported Living services with making lease, rent, or mortgage payments.
 4. **"Housing Costs Subsidy"** means state funding provided by the Division of Mental Retardation Services to assist individuals who receive Supported Living services with making lease or rent payments and payments for certain utility and related services specified in Section D.1.c and d.
 5. **"Supported Living"** means a residential service that meets the waiver service definition of Supported Living as specified in the following Home and Community Based Services (HCBS) waivers and that is provided by a qualified provider:
 - a. Home and Community Based Services Waiver for the Mentally Retarded and Developmentally Disabled (#0128.90.R2A.02) and any amendments thereto; and
 - b. Home and Community Based Services Waiver for Persons with Mental Retardation (#0357.90.02) and any amendments thereto.

D. DESCRIPTION OF POLICY

1. Expenses for which a Housing Costs Subsidy may be used: A Housing Costs Subsidy shall only be authorized to assist an individual who receives Supported Living services with the following:
 - a. Rent or lease payments;
 - b. Mortgage payments for an individual who was initially authorized by DMRS to receive such payments on or before August 31, 2007;
 - c. Essential Utility Services:
 - (1) Electric power service;
 - (2) Water and sewer service;
 - (3) Natural gas or other fuels for heating (e.g., gas, oil, coal); and
 - d. Related Services:
 - (1) Trash disposal service;
 - (2) Basic telephone service for either a land line or cell phone but not both (not to exceed the rate for a discounted residential telephone service such as Lifeline if available); and
 - (3) Lawn mowing service.
2. Eligibility: To be eligible to receive a Housing Costs Subsidy:
 - a. The service recipient must be receiving a Supported Living residential service in the state of Tennessee;
 - b. The service recipient must either be:
 - (1) A Class Member; or
 - (2) A person who is not a Class Member but who was approved for and was receiving a Housing Subsidy state funded by DMRS as of August 31, 2007; and
 - c. There must be documentation that the service recipient has insufficient funds to cover reasonable rent, lease, or mortgage payments (subject to the limits specified in sections D.1.a and B.1.b. above) and other reasonable residential costs on an ongoing basis without a Housing Costs Subsidy.
3. Filing a request for a Housing Costs Subsidy:
 - a. To request a Housing Costs Subsidy, the Supported Living provider agency must submit a completed request form (or an electronic equivalent when available) to the DMRS Regional Director or designee for review. Request forms may be obtained from the DMRS Regional Office or from the DMRS website.
 - b. A request for a Housing Costs Subsidy must be submitted:
 - (1) At least 30 calendar days prior to the requested start date of an initial request for a Housing Costs Subsidy;
 - (2) At least 30 calendar days prior to the expiration date of the service recipient's existing Housing Costs Subsidy;

- (3) At least 30 calendar days prior to the date the service recipient relocates to a different Supported Living home;
 - (4) Within 30 calendar days of a change in the number of service recipients living in the service recipient's Supported Living home;
 - (5) Within 30 calendar days of a significant increase (e.g., 20%) in the service recipient's income (both earned and unearned); and
 - (6) Within 30 calendar days of a change in the service recipient's financial circumstances such that the existing subsidy is inadequate to meet the service recipient's residential cost needs.
- c. Bank statements for the most recent 2 months must be submitted with the request for a housing costs subsidy.
 - d. The Individual Support Plan does not have to be amended to request a Housing Costs Subsidy.

4. Authorization of a Housing Costs Subsidy

- a. The authorization period for a Housing Costs Subsidy shall be limited to a maximum of one (1) year except in special circumstances where DMRS has determined that a shorter or longer authorization period is warranted.
- b. Rent, lease, and mortgage payments, as specified in Section D.1.a., shall not exceed the HUD User Fair Market Rent for the current year for the applicable county in Tennessee, except in the following circumstances:
 - (1) When the Deputy Commissioner or designee has authorized a short-term increase to accommodate a service recipient who had a lease in effect as of September 1, 2008, with a monthly payment more than the HUD User Fair Market Rent

To provide time to complete the lease period or to arrange for other housing with appropriate environmental accessibility modifications, the DMRS Deputy Commissioner or designee may authorize a rent or lease payment that exceeds the HUD User Fair Market Rent through the specified end date of the lease or through an alternate end date, provided that such end date is on or before December 31, 2010. The residential provider shall submit a copy of the lease which documents the monthly payment and the period of the lease.
 - (2) When a Special Exception Add-On has been authorized by the Deputy Commissioner in accordance with Section D.6.f.(2).
- c. A Housing Subsidy that was authorized by DMRS prior to September 1, 2007, shall be valid for a one-year period from the date of its authorization or until the assigned expiration date is reached, whichever occurs first.
- d. An authorized Housing Costs Subsidy shall expire:
 - (1) When the authorization end date has been reached;
 - (2) If the service recipient relocates from a Supported Living home to another type of residence and no longer receives services in a DMRS-approved Supported Living home in Tennessee;
 - (3) If the service recipient relocates to a different Supported Living home in Tennessee; or

- (4) Upon assignment of a revised authorization date as specified in Section B of this policy.
 - e. A Special Exception Add-On or a rent or lease payment that exceeds the HUD User Fair Market Rent must be authorized by the DMRS Deputy Commissioner or designee. Otherwise, the DMRS Regional Director or designee may authorize a Housing Costs Subsidy in accordance with this policy.
5. Revising the amount of the Housing Costs Subsidy: The amount of the Housing Costs Subsidy may be increased or decreased in accordance with the following:
 - a. The amount may be proportionately reduced if:
 - (1) The service recipient's income increases;
 - (2) The service recipient's expenses decrease;
 - (3) There is an increase in the number of housemates in the Supported Living home;
 - (4) The service recipient moves to a different Supported Living home which is less expensive than the previous Supported Living home.
 - b. Subject to the limit on residential rent, lease, and mortgage payments specified in sections D.1.a and D.1.b. above), the amount may be proportionately increased if:
 - (1) The service recipient's income decreases;
 - (2) The service recipient's expenses increase;
 - (3) There is a decrease in the number of housemates in the Supported Living home;
 - (4) The service recipient moves to a different Supported Living home which is more expensive than the previous Supported Living home.
 - c. DMRS reserves the right to review the service recipient's income and expenses at any time to ensure that the conditions represented at the time of the request are still valid.
6. Determination of the Housing Costs Subsidy: The determination of the amount of a Housing Costs Subsidy shall be at the sole discretion of DMRS and shall be based on an assessment of income and expenses in accordance with the following:
 - a. **Recurring Housing Expenses** shall be determined based on the projected costs of the expenses of services specified in Section D.1.a through D.1.d above.
 - b. For purposes of determining the amount of the Housing Costs Subsidy, DMRS shall establish a maximum **DMRS Personal Expense Allowance** that is applicable to Class Members receiving Supported Living services.
 - c. **Total Income** of the service recipient shall be determined by including:
 - (1) Food stamps;
 - (2) Other unearned income (e.g., SSI income, VA income, SSA/SSDI income); and
 - (3) Earned income that exceeds \$1200 per calendar year.

d. **Allowable Expenses** shall be calculated by adding the Recurring Housing Expenses (Section D.6.a above) and the DMRS Personal Expense Allowance (Section D.6.b above).

e. If the Class Member's Allowable Expenses exceed the Class Member's Total Income, the difference will be the **Class Member's Housing Costs Subsidy**. The Class Member's **Housing Costs Subsidy**, if any, shall be determined by subtracting the Allowable Expenses from the Total Income (Section D.6.c) as shown below:

(1)	plus	Recurring Housing Expenses DMRS Personal Expense Allowance ----- Allowable Expenses
(2)	minus	Total Income Allowable Expenses ----- Class Member's Housing Costs Subsidy (if a negative number)

f. Special Exception Add-Ons by the Deputy Commissioner:

(1) In exceptional circumstances where a Class Member's medical or behavioral condition results in recurring personal expenses substantially higher than the established DMRS Personal Expense Allowance (Section D.6.b above), the Deputy Commissioner or designee shall have the discretion to authorize a **Special Exception Add-On**.

(2) In exceptional circumstances, the DMRS Deputy Commissioner or designee may authorize a **Special Exception Add-On** to supplement a rent or lease payment exceeding the HUD User Fair Market Rent to accommodate a non-ambulatory service recipient with extensive and substantial specialized seating and mobility equipment needs, in accordance with the following:

- (a) The non-ambulatory service recipient must have specialized seating and mobility equipment needs that are so extensive and substantial that:
- I. A unique floor plan or substantial additional space is required to accommodate the specialized seating and mobility equipment; and
 - II. The need for such a unique floor plan or substantial additional space to accommodate the specialized seating mobility equipment requires the rental or lease of a residence at a rate which exceeds the HUD User Fair Market Rent.
- (b) A Special Exception Add-On shall not be provided if the service recipient uses a standard wheelchair, folding wheelchair, or other type of wheelchair, specialized seating, or mobility equipment that can be reasonably accommodated in a residence (or a residence modified through Environmental Accessibility Modifications) at a rate that would not exceed the HUD User Fair Market Rent.
- (c) The DMRS Deputy Commissioner or designee may authorize the Special Exception Add-On to supplement a rent or lease payment for the non-ambulatory service recipient as well as

other service recipients in the home who share the rent/lease payment, provided that the non-ambulatory service recipient continues to reside in the home. When more than one service recipient resides in the home, the Special Exception Add-On shall be prorated based on the number of service recipients in the home.

7. Payment: Payment for an authorized Housing Costs Subsidy shall be made to the Supported Living provider who shall use it on behalf of the service recipient for eligible expenses in accordance with this policy. The Supported Living provider must document that the Housing Costs Subsidy was deposited into the Class Member's checking account.

E. ATTACHMENTS

1. *Request for Housing Costs Subsidy form*
2. *Instructions for Completing the Request for Housing Costs Subsidy Form*

F. PREVIOUS POLICY: DMRS Policy # P-010-A (November 19, 2007); DMRS Policy # P-010-B (October 1, 2008)

G. DATE APPROVED BY TENNCARE: Not applicable

H. POLICY APPROVAL

Joanna Damons by W. Moore, MD
Signature of Assistant Commissioner
Office of Policy, Planning, and Consumer Services

7-2-09
Date

Stephen H. Davis
Signature of Deputy Commissioner
Division of Mental Retardation Services

7/2/09
Date

REQUEST FOR HOUSING COSTS SUBSIDY

Name of Service Recipient: _____ Phone Number: _____ County of Residence: _____

Date of Birth: _____ Social Security Number: _____

Name of Supported Living Provider: _____ Number of Service Recipients in the Home: _____ Number of Bedrooms in the Home: _____

RECURRING HOUSING EXPENSES			INCOME		
Item	Average Cost Per Month	Cost Per Year	Income Source	Average Income Per Month	Income Per Year
Rent (or mortgage payment if initially authorized on or before August 31, 2007)			SSI		
Electric power service			VA		
Water and sewer			SSA/SSDI		
Natural gas or heating fuel			Food Stamps		
Trash disposal service			Other Unearned Income		
Telephone service (one phone)			Earned Income Exceeding \$1200 per Calendar Year		
Lawn mowing service			TOTAL INCOME		
PERSONAL EXPENSES			REQUEST FOR SUBSIDY		
Amount Per Month	Amount Per Year		Average Subsidy Per Month	Total Subsidy Per Year	
DMRS Personal Expense Allowance			Amount Requested for Class Member's Housing Costs Subsidy		
			Special Exception Add-On (for recurring personal expenses)		
			Special Exception Add-On (to supplement rent/lease payment)		
			TOTAL SUBSIDY REQUESTED		
ALLOWABLE EXPENSES					
	Amount Per Month	Amount Per Year			

NOTE: Bank statements for the most recent 2 months must be submitted with the request for a housing costs subsidy.

INSTRUCTIONS FOR COMPLETING THE REQUEST FOR HOUSING COSTS SUBSIDY FORM

RECURRING HOUSING EXPENSES: Expenses must be prorated based on the number of service recipients in the home (i.e., the amount must be divided by 1, 2, or 3 housemates). Expenses which vary from month to month should be annualized and the average cost per month should be calculated.

1. **Rent:** Rent, lease, or mortgage payments shall not exceed the HUD User Fair Market Rent for the current year for the applicable county in Tennessee unless authorized by the Deputy Commissioner (Section D.4). Prorate the amount based on the number of service recipients in the home. Include mortgage payment expenses only if they were authorized prior to September 1, 2007, and prorate the mortgage payment, if applicable, for co-owned homes.
2. **Electric power service:** Use the 12-month average expense as documented by the utility company. If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.
3. **Water and sewer:** Use the 12-month average expense as documented by the utility company. If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.
4. **Natural gas or heating fuel:** Use the 12-month average expense as documented by the utility company. If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.
5. **Trash disposal service:** Use the 12-month average expense as documented by the trash disposal company. If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.
6. **Telephone service:** Telephone service expense shall not exceed the rate for a discounted residential telephone service such as Lifeline, if available. If such a discounted residential telephone service is not available, use the 12-month average expense as documented by the utility company, but do not exceed a maximum of \$30.00 per month (or \$360.00 per year). If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.
7. **Lawn mowing service:** Use the 12-month average expense as documented by the lawn service company, but do not exceed a maximum of \$30.00 per month (or \$360.00 per year). If there is no history at that address, so indicate. Then prorate based on the number of service recipients in the home.

PERSONAL EXPENSES: The maximum allowed amount for the DMRS Personal Expense Allowance is \$375.00 per month, which includes a maximum of \$250.00 for food and a maximum of \$125.00 for other personal expenses. If there is no food cost because the person is tube fed, the maximum allowed amount for the DMRS Personal Expense Allowance would be \$125.00 per month.

ALLOWABLE EXPENSES: Add the Recurring Housing Expenses and the DMRS Personal Expense Allowance to determine the Allowable Expenses.

INCOME: Income which varies from month to month should be annualized and the average income per month should be calculated.

1. **SSI:** Include the annual and monthly average SSI income, if applicable.
2. **VA:** Include the annual and monthly average VA income, if applicable.
3. **SSA/SSDI:** Include the annual and monthly average SSA/SSDI income, if applicable.
4. **Food Stamps:** Include the annual and monthly average amount for food stamps, if applicable.
5. **Other Unearned Income:** Include the annual and monthly average unearned income, if applicable.
6. **Earned Income:** Include the annual and monthly average earned income exceeding \$1200 per calendar year.
7. **TOTAL INCOME:** Add SSI, VA, SSA/SSDI, food stamps, other unearned income, and earned income exceeding \$1200 to determine the Total Income.

REQUEST FOR SUBSIDY: Determine the Total Subsidy Requested for the Class Member by adding the following:

1. The amount of the Class Member's Housing Costs Subsidy (as described in Section D.6.e); and
2. The amount of Special Exception Add-On(s) (if applicable, as described in Section D.6.f). Note: A letter of justification describing the special circumstances must be submitted to the Deputy Commissioner for review and approval. Prorate a Special Exception Add-On to supplement a rent/lease payment based on the number of service recipients in the home.



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF MENTAL RETARDATION SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243**

TITLE: Financial Accountability Review Policy

POLICY #: P – 017

A. PURPOSE: This policy clarifies the process by which the Office of Internal Audit in the Division of Mental Retardation Services (DMRS) performs Fiscal Accountability Review (FAR) audits of DMRS providers and how data from audits are aggregated, analyzed, remediated, and reported.

B. APPLICABILITY: This policy applies to DMRS Office of Internal Audit staff and to other DMRS Central Office staff who are responsible for data aggregation, analysis, reporting, and remediation.

C. DEFINITIONS

1. **"Fiscal Accountability Review" or "FAR"** means the Fiscal Accountability Review Unit in the Office of Internal Audit in the Division of Mental Retardation Services.

2. **"HCBS waiver" or "waiver"** means a Home and Community Based Services waiver for persons with mental retardation that includes the following;

- a. Home and Community Based Services Waiver for the Mentally Retarded and Developmentally Disabled (#0128.90.R2A.02) and any amendments thereto;
- b. Home and Community Based Services Waiver for Persons with Mental Retardation (#0357.90.02) and any amendments thereto; and
- c. Self-Determination Waiver Program (#0427.R01) and any amendments thereto.

D. DESCRIPTION OF POLICY

1. **Responsibility for Audits:** The Fiscal Accountability Review (FAR) Unit in the DMRS Office of Internal Audit is the entity responsible for conducting financial audits and evaluating compliance of providers with state and federal laws, rules, and regulations and with DMRS policies.

2. **Sampling Methodology:** During the last quarter of the calendar year, the Fiscal Accountability Review Unit shall generate a list of all DMRS service providers whose billing exceeds \$300,000 for the previous state fiscal year. All of these providers will be audited by the FAR Unit. Audit samples shall be determined in accordance with the following:

- a. If the provider's annual billing during the prior state fiscal year was \$5 million or less, a 20% random sample of service recipients served by that provider shall be reviewed. Through the use of a random number generator, a minimum of 5 service recipients and maximum of 20 service recipients shall be selected for review.
 - b. If the provider's annual billing during the prior state fiscal year exceeded \$5 million, a 10% random sample of service recipients served by that provider shall be reviewed. Through the use of a random number generator, a minimum of 20 service recipients and maximum of 40 service recipients shall be selected for review.
 - c. In addition to the random sample described above, the auditor may also perform a focused review on a separate sample of service recipients to ensure broader representation of services billed in terms of either amount or type, or to further investigate areas of concern.
3. **Review Period:** The auditor assigned to the provider will choose the 3-month period of time for which records will be reviewed. This 3-month period must be within the 12-month period corresponding to the previous state fiscal year.
 4. **Performance of Reviews:** Auditors in the DMRS Fiscal Accountability Review Unit will review the services billed by the provider for the service recipients in the sample. The audit will check for documentation to support the billing for the service (including service type, amount, frequency, duration, and authorization period) and will identify issues for potential recoupment. The auditor will submit a draft report of findings to the DMRS Director of Internal Audit, and the Director of Internal Audit will review, approve, and prepare a final report of the audit findings.
 5. **Notification of Survey Findings:** The Director of Internal Audit or designee will send the audit findings report to the provider requesting a response. Copies of this report will be provided to the TennCare Quality Review Unit, the TennCare Division of Internal Audit, the DMRS Assistant Commissioner of Community Services, the DMRS Central Office Quality Assurance Unit, the DMRS Central Office Compliance Unit, and the applicable DMRS Regional Director.
 6. **Remediation:** Upon receipt of the report, the provider has 30 days to submit a response. The response may include additional information to justify the billing in question, agree with the finding, identify strategies to improve the documentation and billing processes, or a combination of the above. The provider's response will be evaluated by the Director of Internal Audit, and a final resolution memo will be issued regarding resolution of the findings or recoupment, as applicable.
- If a provider response is not received within 30 days, a reminder notice will be sent which will specify a second due date. If no response is received by the second due date, the Director of Internal Audit will initiate recoupment proceedings. If necessary, this will be accomplished by withholding money from provider payments.
- At this point identified findings are "final" and entered into the database for tracking purposes.
- Notification of the resolution or response will be copied to the DMRS Central Office Compliance Unit.
6. **Aggregation and Analysis of Survey Data:** The DMRS Central Office Compliance Unit will aggregate, analyze, and report the data from the survey findings to DMRS management and to the TennCare Division of Long Term Care.

E. ATTACHMENTS: Not applicable

F. PREVIOUS POLICY: Not applicable

G. DATE APPROVED BY TENNCARE: Final revision approved December 2,-2008

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H. POLICY APPROVAL

Joanna Damons by remote
Signature of Assistant Commissioner
Office of Policy, Planning, and Consumer Services

12/3/2008
Date

Stephen H. Davis
Signature of Deputy Commissioner
Division of Mental Retardation Services

12/5/2008
Date